Building Entrepreneurial Economies

Program Design and
Grant Application Instruction Manual
FY 2017

Department of Housing and Community Development

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Grant availability announced: March 2016

Applications accepted on CAMS starting: April 1, 2016

Last day applications accepted on CAMS: May 16, 2016

VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities

Contents

BEE Grant Program Design

The Building Entrepreneurial Economies (BEE) Program advances DHCD's small business and job creation strategy of encouraging place and community-based entrepreneurship in distressed communities and populations throughout Virginia. The goal is to invest in non-profits and localities seeking to put the tools, services and financing in place to create a robust environment for business startup or expansion, as well as job creation and economic diversity, targeting entrepreneurs whose businesses are:

- **Small,** ranging in size from 5 or fewer employees with capital needs of less than $50,000 up to businesses of 75 to 100 employees and larger capital needs;
- **Small scale and independent** with limited business experience/expertise that requires robust professional guidance and support;
- **Community and place-based** and tied to local or regional economic restructuring efforts;
- **Located in areas that have faced chronic economic distress** with limited business development, infrastructure and limited markets as well as limited personal resources and credit.

Areas of Focus for FY17

DHCD will utilize the Building Entrepreneurial Economies funding for fiscal year 2017 to address one or more of the following areas of focus:

1. Projects that target **underserved populations** for access to business education and capital resources with the outcome of job and/or business creation. These projects should not be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas. These projects should also focus on entrepreneurial strategies and not merely job placement.

2. Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation.

3. Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy. The final developed plan should prepare the community to apply for other DHCD or non-DHCD resources to promote small business development and growth or diversification.

While all projects submitted will be reviewed and scored, DHCD will place higher priority on projects that address the areas of focus above and projects that will serve as a catalyst for additional development in communities.

Planning Grants

Planning grants allow organizations to assess market demand for services, research innovative means of providing business services and identify resource gaps (financial, staff, network) currently limiting the provision of business development services. Planning grants help develop organizational capacity to provide business development services that support local and regional asset-based economic development strategies. Although there is no particular order for submitting Planning or Implementation Grants, applicants are encouraged to use Planning Grants to help them prepare for the most competitive Implementation Grant. DHCD may offer Planning Grants to applicants whose Implementation Grant project scoring indicates that additional planning is needed to ensure success.

- **Grant size**: Up to $15,000
- **Grant timeline:** Up to 6 months to achieve all proposed outcomes
- **Anticipated grant outcomes**: Well-researched and effective planning documents that fully describe local or regional business development strategies that can be implemented to increase small business start-up and expansion, job creation and economic diversity in distressed communities or populations.

Implementation Grants

Project implementation grants are for communities and organizations ready to implement business development strategies that result in business start-up and expansion and job creation. Projects should be based on identified market demand, identified resource gaps, and support local and regional asset-based economic development strategies. Innovative approaches and strategies are encouraged.

- **Grant size**: Up to $40,000
- **Grant timeline:** Up to 12 months to achieve all proposed outcomes
- **Anticipated grant outcomes**: Small business start-up or expansion and job creation.

BEE funds **are not available** for continuing operations, program administration, or any other ongoing operational expenses. Funds are not available for predictable organizational expenses for which the organization could have reasonably planned (ex. general marketing materials, website updates, financial management expenses, etc.). Funds may not be simply "passed through" the grantee to 3rd parties. Planning or implementation submissions for training must thoroughly demonstrate how the training will lead to direct business formation/expansion and job creation.

BEE and Other DHCD Programs

DHCD encourages applicants to layer DHCD and non-DHCD resources. BEE applicants should consider how proposals can support the Enterprise Zone or Main Street, the VIDA program, a CDBG project, or other revitalization efforts that may be applicable. Applicants should also consider the linkages between traditional business development strategies and entrepreneurial

development programming to better prepare communities for the Community Business Launch, Building Collaborative Communities, and Community Development Block Grant funding.

BEE Grant Application Instruction Manual

Instructions for Application Submission

Please note that applications must be submitted electronically through the Agency's Centralized Application and Management System (CAMS). To access CAMS, visit the website at www.dhcd.virginia.gov and click on the CAMS icon in the upper-right hand corner. We recommend using Chrome when submitting applications via CAMS. Remember to SAVE often.

Submission Requirements

All grant proposals and supporting documentation must be submitted on CAMS by 11:59 PM on *May 16, 2016*. Technical support is available until 4:30 PM should you encounter difficulties. Applicants must submit completed responses to all appropriate questions and include all required attachments. Proposals not submitted accordingly may be disqualified.

Applicants are invited and encouraged to discuss their concepts and ideas with DHCD staff prior to submitting applications in CAMS.

Planning Grant Application Requirements

Required Proposal Elements

In addition to a complete Narrative Section, all grant proposals must include the elements below. Any proposals that do not include the required proposal elements will be deemed non-responsive.

1. Complete Budget (See Appendix C)
2. Mini-Resumes of Key Staff

Grant Eligibility

Non-profit organizations, local governments and regional planning or economic development organizations are eligible to apply for BEE grants.

Grant Payment

Grant funds will be paid upon achievement of agreed upon project milestones. Milestones will be negotiated and included in a Memorandum of Understanding that will be signed by both DHCD and the grantee prior to the start of the project.

Leverage Requirement

Planning grants do not require local leverage; however, any cash or in-kind services provided by the applicant, local government and other local public/private partners will yield a stronger application.

Scoring

Grant proposals will be scored on a 0-100 point scale. Funding is limited and will be awarded for proposals receiving the highest score and continuing down the list until funds are exhausted. DHCD reserves the right not to fund projects that do not score at least 70 points. DHCD also reserves the right to reprogram any un-awarded BEE funding for other DHCD programs that may achieve a similar goal.

Scoring Criteria	%
Project Description	75%
Area of Focus	15%
Budget Description	10%
Total	100%

Narrative Requirements

Project Description (*75 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the planning process or project operations. This is the section where DHCD determines the merit of the project design. Answers should demonstrate the need for the project as well as show the proposal provides a strong approach to addressing the need, as well as provide the reviewer sufficient detail to give a clear understanding of the intended end use of the planning grant. **Strong applications** will use this section to provide a detailed description of how the planning grant will lead to the implementation of the project and what sources of funding will be pursued in the implementation process.

Questions:

1. What is your community's vision for small business development? Describe how the proposed project supports the local or regional community's vision for economic and community development.

2. Describe the existing small business development services available through your organization and in the community for the population targeted for new small business development services.

3. Describe the project for which you are applying for BEE funding. Include the types of services and programs proposed and how they will address an unmet community need. Describe the project scope and intended planning elements.

Areas of Focus (*15 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of how the proposed planning process or project design will meet one (or more) of the four areas of focus outlined below:

- Projects that target **underserved populations** for access to business education and capital resources with the outcome of job and/or business creation. These projects should not be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas.

- Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation or diversification.

- Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy. The final developed plan should prepare the community to apply for other DHCD or non-DHCD resources.

Question:

4. Provide a detailed description as to how the project fits within one or more of the areas of focus identified in the application manual.

Budget (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the project budget. Applicants **must** include in the narrative section a description of each line item in the budget and must accompany the narrative with a completed source and uses budget template (please see Appendix C). **Strong Applications** will demonstrate a clear link between proposed expenses and project outcomes.

Question:

5. Provide a detailed description of your planning budget. Provide a description of each line item in the budget. Include any additional funding that will be provided locally to support the proposed project.

Implementation Grant Application Requirements

Required Proposal Elements

In addition to a complete Narrative Section, all grant proposals must include the elements below. Any proposals that do not include the required proposal elements will be deemed non-responsive.

1. Complete Work Plan (see Appendix A)
2. Complete Outcome matrix (See Appendix B)

3. Complete Budget (See Appendix C)
4. Mini-Resumes of Key Staff

Grant Eligibility

Non-profit organizations, local governments and regional planning or economic development organizations are eligible to apply for BEE grants.

Grant Payment

Grant funds will be paid upon achievement of agreed upon project milestones. Milestones will be negotiated and included in a Memorandum of Understanding that will be signed by both DHCD and the grantee prior to the start of the project.

Leverage Requirement

Implementation grant proposals must provide a *minimum of 1:4 leverage.* This means that for every four dollars of grant funds, there must be at least one dollar of local leverage. In-kind services provided by a local government, consultants and other stakeholders and partners may be included. Time contributed solely to the implementation of the proposed strategy by volunteers may also be included.

At least 25% of proposed leveraged funds must be cash. Cash match is defined as funds made available to the grantee to be used specifically for project activities. The grantee must have control over funds and disburse funds. They must be tracked and accounted for in the grantee accounting system.

Example: if the applicant applies for a $40,000 implementation grant, there must be at least $10,000 of local leverage. Of that leverage, at least $2,500 must be in the form of cash.

Scoring

Grant proposals will be scored on a 0-100 point scale. Funding is limited and will be awarded for proposals receiving the highest score and continuing down the list until funds are exhausted. DHCD reserves the right not to fund projects that do not score at least 70 points. DHCD also reserves the right to reprogram any un-awarded BEE funding for other DHCD programs that may achieve a similar goal.

Scoring Criteria	%
Project Description	40%
Community Economic Development Vision	20%
Area of Focus	10%
Outcomes	20%
Leverage/Budget Description	10%
Total	100%

Narrative Requirements

Project Description (*40 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the planning process or project operations. This is the section where DHCD determines the merit of the project design. Answers should demonstrate the need for the project as well as show the proposal provides a strong approach to addressing the need, and as such will achieve the stated outcomes. **Strong applications** will use this section to show the strength of the team – staff and external partners – involved to ensure timely project completion and achievement of full outcomes, a clear and complete work plan, and an outreach strategy that attracts enough potential participants to ensure outcomes can be reached.

Questions:

1. Describe the project for which you are applying for BEE funding. Include the types of services and programs proposed and how they will address an unmet community need. If you are applying for planning grant funding, describe the project scope and intended planning elements.

2. Describe the capacity of the organization to implement this project:
   a. Key organizational staff and project responsibilities (*attach as Mini-resumes*)
   b. Describe existing and potential partners and their responsibilities for the proposed project.

3. Describe the project readiness and implementation schedule:
   a. Outline key project activities that will contribute to project outcomes (*attach as Work Plan*)
   b. Describe the outreach and marketing plan to potential participants to ensure a successful program.

4. Describe the sustainability plan or exit strategy once BEE funds are exhausted.
   a. Identify sustainable sources of funding that will be in place once BEE funds are exhausted.
   b. Identify sustainable partnerships that will be in place once the initial grant period terminates.
   c. If the project will not continue past the end of the grant, describe the exit strategy for the organization and reasoning for the project to end.

Community Economic Development Vision (*20 points*)

This section should provide the reviewer with information that demonstrates how the submission aligns with the local or regional economic and community development vision as well as with the applicant's core mission and strategic goals. **Strong applications** will propose a catalytic initiative that clearly advances both the organization's mission and the broader vision for economic and community development, as well as economic diversification.

Questions:

5. Describe your organization's vision for community economic development and how the proposed project supports the local or regional community's vision for economic and community development. Demonstrate this by referring to a Comprehensive Economic Development Strategy (CEDS), regional, local, and/or other strategic economic and community development plans.

Areas of Focus (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of how the proposed planning process or project design will meet one (or more) of the four areas of focus outlined below:

- Projects that target **underserved populations** for access to business education and capital resources with the outcome of job and/or business creation. These projects should not be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas.

- Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation or diversification.

- Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy. The final developed plan should prepare the community to apply for other DHCD or non-DHCD resources.

Question:

6. Provide a detailed description as to how the project fits within one or more of the areas of focus identified in the application manual.

Output and Outcomes (*20 points*)

Outputs are the activities or deliverables that will be accomplished as a result of the grant. Outputs are generally described as deliverables or milestones in a work plan or timeline. Outputs are generally accomplished during the life of the grant.

Outcomes are the measurable impacts or results of the work of the grant. Outcomes sometimes occur after the completion of the grant.

This section should provide the reviewer sufficient detail to give a clear understanding of the proposed project outcomes. Applicants must submit an outcome matrix along with the narrative section as shown in Appendix B. **Strong applications** will use this section to provide how project activities will lead to the indicated outcomes, how the outcomes address the identified need, and how the target population will be impacted by the outcomes.

Questions:

7. Provide a detailed description of the proposed project's intended outputs.

8. Provide a detailed description of the proposed project's intended outcomes.

Budget and Leverage (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the project budget. Applicants **must** include in the narrative section a description of each line item in the budget and must accompany the narrative with a completed source and uses budget template (please see Appendix C). Applicants **must** verify the leverage requirement with documentation that confirms the commitment of other resources for the project. **Strong Applications** will demonstrate a clear link between proposed expenses and project outcomes, and proposed leverage that exceeds the required minimum.

Questions:

9. Provide a detailed description of the project budget. Provide a description of each line item in the budget.

10. Provide verification of leverage requirements. As applicable, attach letters of commitment or award, resolutions from local government, documentation of in-kind support and other leverage.

Audit Requirements

DHCD has instituted an agency-wide audit policy. All grantees, sub-grantees, CHDOs, and sub-recipients, localities, developers, or any other organizations that receive funding during a specific program year and or have projects in progress are required to submit one of the following financial documents: Financial Statement, Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA), Audited Financial Statement prepared by an independent CPA or an OMB A-133 Audit (Single Audit) prepared by an independent CPA.

The following table indicates the minimum documentation required based on the organization's annual expenditures.

Threshold Requirement	Document
Total annual expenditures ≤$100,000 – regardless of source	Financial Statement prepared by organizations**
Total annual expenditure between $100,001 and $300,0⁻) – regardless of source	Reviewed Financial Statement prepared by an Independent Certified Public Accountant (CPA)
⁻otal annual expenditures > $300,000 – regardless of source*	Audited Financial Statement prepared by an Independent CPA
*Federal expenditures ≥$500,000 (increases to $750,000 as of January 2015)	A-133 Audit (Single Audit) prepared by an Independent CPA

** Does not require preparation by a CPA

Appendix A: Work Plan Template

Goal(s): _____

Project Description: _____ Event date or Project Completion date: _____

Anticipated Results/Measure of Success: _____

Chair/Person Responsible: _____ Phone: _____ E-mail: _____

Project Team Members _____ _____

Tasks	Person Responsible	Start and End Date	Cost	Revenue Generated	Volunteer Hours Needed	Staff Hours Needed	Progress/Completion/Comments

TOTAL: $_____ $_____

Appendix B: Outcomes Template (for Implementation Grants)

Title of Project: _____

Output Measures		
Performance Measure	*Goal/Target*	*Definition*
# of Participants		Participants include persons that participate in the program or offering
# of Borrowers		Borrowers include persons that utilize the a program supported by the BEE grant as loan funding
# of Business Plans completed		A business plan is a written document that describes in detail how a new business is going to achieve its goals
# of Microloans provided		A microloan is a short-term loan for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment (up to $50,000)
Value of Microloans		Total value of the microloans that are anticipated or have been completed
# of Alternative Financing Deals provided		Alternative Financing is from non-traditional lending sources
Value of Alternative Financing Deals		Total value of alternative financing deals anticipated or have been completed
Additional Performance Measures		
Outcome Measures		
# of net new full-time-equivalent jobs		Full-time equivalent equals the number of jobs that equal 40 hours of work per week. New jobs are those that have not been transferred or held previously.
# of existing jobs retained		Retained jobs are those that would have been transferred or laid off, had the financing/improvements not been made.
# of new businesses created		Defined as a new business opportunity to include products or services
# of Businesses expanded		A business that has increased substantially in revenue, job creation or opened an additional location
# of Businesses retained		A business that would have been lost or closed, had the financing/improvements not been made.
Total private investment		Investment from any private source include loan funds
Total public investment		Investment from any public source including local, state or federal

Appendix C: Budget Template

Title of Project: _____

Project Activity	SOURCE OF FUNDS					TOTAL
	A. BEE	B. _____	C. _____	D. _____	E. _____	
1. Activity 1						
2. Activity 2						
3. Activity 3						
4.Activity 4						
TOTAL						